

AMENDED IN ASSEMBLY MAY 29, 2003
AMENDED IN ASSEMBLY MAY 15, 2003
AMENDED IN ASSEMBLY APRIL 10, 2003
AMENDED IN SENATE MARCH 27, 2003

CALIFORNIA LEGISLATURE—2003–04 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 22

Introduced by Committee on Budget and Fiscal Review

March 20, 2003

An act to amend Section 5924 of, and to add Section 17213 to, the Government Code, relating to state finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 22, as amended, Committee on Budget and Fiscal Review. Public financing.

(1) Under existing law, there is continuously appropriated without regard to fiscal years, from the General Fund for purposes relating to public finance, an amount that will equal the sum annually as will be necessary to pay all obligations, including principal, interest, fees, costs, indemnities, and all other amounts incurred by the state under or in connection with any credit enhancement or liquidity agreement entered into by the state.

This bill would make that provision applicable to specified costs related to bonds payable pursuant to an appropriation from the General Fund, and would prescribe the extent to which fees, costs, and other expenses may be incurred for that purpose.

(2) Existing law prescribes procedures for the issuance of registered and other specified warrants.

This bill would make the Controller the agent for sale for those specified warrants.

This bill would appropriate \$1,600,000 from the General Fund to the Controller for costs related to the issuance of revenue anticipation warrants in the 2002–03 fiscal year.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5924 of the Government Code is
2 amended to read:

3 5924. (a) Notwithstanding Section 13340, there is hereby
4 continuously appropriated without regard to fiscal years, from the
5 General Fund in the State Treasury for the purpose of this chapter,
6 an amount that will equal the sum annually as will be necessary to
7 pay all obligations, including principal, interest, fees, costs,
8 indemnities, and all other amounts incurred by the state under or
9 in connection with any credit enhancement or liquidity agreement
10 (including in the form of a letter of credit, standby purchase
11 agreement, reimbursement agreement, liquidity facility, or other
12 similar arrangement) entered into by the state pursuant to this
13 chapter for bonds payable pursuant to an appropriation from the
14 General Fund.

15 (b) Fees, costs, and other similar expenses may be incurred by
16 the state under or in connection with any credit enhancement or
17 liquidity agreement entered into by the state pursuant to this
18 chapter if the agent for sale determines that the credit enhancement
19 or liquidity agreement is expected to result in a lower cost of the
20 borrowing for the bonds to which the credit enhancement or
21 liquidity agreement pertains. The amount appropriated pursuant to
22 this section for fees, costs, and other similar expenses incurred in
23 connection with any credit enhancement or liquidity agreement,
24 when expressed as a percentage of the original principal amount
25 of the bonds to which the credit enhancement or liquidity
26 agreement pertains, may not exceed the percentage set forth in



paragraph (1) of subsection (g) of Section 147 of Title 26 of the United States Code enacted as of January 1, 2003. *The amount appropriated pursuant to this section for interest incurred in connection with any credit enhancement or liquidity agreement, when expressed as a percentage of the outstanding principal amount of the bonds to which the credit enhancement or liquidity agreement pertains, may not exceed the interest rate percentage set forth in subdivision (d) of Section 16731.*

SEC. 2. Section 17213 is added to the Government Code, to read:

17213. Notwithstanding any other provision of law, the Controller is the agent for sale for registered warrants, reimbursement warrants, and refunding warrants issued pursuant to this chapter.

SEC. 3. The sum of one million six hundred thousand dollars (\$1,600,000) is hereby appropriated from the General Fund to the Controller for administrative, legal, consultant, and rating agency costs related to the issuance of revenue anticipation warrants in the 2002–03 fiscal year and incurred by the Controller, the Treasurer, the Attorney General, and the Department of Finance.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to clarify existing law to facilitate urgently needed state cash-flow borrowing, it is necessary that this act take effect immediately.

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